



UNITED STATES ATTORNEY'S OFFICE EASTERN DISTRICT OF VIRGINIA

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FOR IMMEDIATE RELEASE:

November 8, 2006

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Former Controller for Packaging Corporation of America Pleads Guilty to Mail Fraud

(Richmond, Virginia) – Richard E. Davis, age 63, of Richmond, Virginia, pled guilty today to a charge of federal mail fraud, stemming from his embezzlement of approximately \$2.5 million from Richmond-based Packaging Corporation of America over an eight year period. He faces a maximum term of 20 years in prison, a fine of \$250,000, and restitution in the amount of \$2,500,000.00, when he is sentenced on February 20, 2007, by Senior United States District Judge Richard L. Williams. Chuck Rosenberg, United States Attorney for the Eastern District of Virginia; and Charlie Cunningham, Special Agent in Charge, Federal Bureau of Investigation, Richmond Resident Office, announced the plea.

According to court documents, Richard E. "Dick" Davis was Controller for the Packaging Corporation of America (PCA), Richmond Corrugated Products Plant, based in Richmond, Virginia. In that role, Davis served as the Chief Accountant for the plant, which required him to review and approve for payment all vendor invoices.

Between 1997 and 2005, Davis caused over 100 PCA checks to be generated and mailed via United States Postal Service to Building Services Inc. (BSI), a janitorial service operated by Davis and owned by his wife, which provided janitorial services to PCA. During this same time period, Davis caused inflated and phantom billings to be made by PCA to BSI. Investigation revealed that in 2005 alone, Davis approved expenditures for PCA janitorial services at the Richmond plant amounting to approximately \$8,000 per employee, while other PCA plants outside of Richmond spent an average of \$257 per employee for janitorial services. During the eight year period of the scheme, Davis misappropriated over \$2.1 million of PCA funds to BSI.

Between 1999 and 2004, Davis misappropriated PCA funds for his personal enrichment by causing the issuance of PCA checks to Virginia Paint Company, Richmond, Virginia, totaling over \$50,000. During his employ at PCA, Davis altered Virginia Paint Company invoices to avoid detection of the fact that he was using PCA funds to purchase paint and other personal

items for his primary residence in Richmond and his Virginia Beach condominium. Davis also misappropriated over \$150,000 in PCA funds to pay vendors working on his Richmond home.

Between 2000 and 2005, Davis used PCA checks to purchase over \$100,000 in Sams Club Direct Cards, which Davis used either as gift cards for friends and family or for the purchase of personal items.

The case was investigated by the Federal Bureau of Investigation and prosecuted by Assistant United States Attorney Brian L. Whisler.

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